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A Guide to the Cost Revenue Statement



Ontario

Ministry
of
Housing

Chaviva Hosek, Minister




Rent Review

This publication provides general information about **The Residential Rent Regulation Act, 1986**. The Act and regulations should be consulted for an exact statement of the law.

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INDEX

Introduction	3
Forms to be Filed	4
Completing the Cost Revenue Statement Forms	5
Filing Cost Revenue Statement Forms	5
Description of Cost Revenue Statement Forms	6
Cost Revenue Statement (CRS) Forms	
1	7
2	13
3	15
4	23
5	27
6	29
7	33
8	35
9	45
10	47
Local Rent Review Services Offices	49



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INTRODUCTION

This guide is designed to help landlords complete the Cost Revenue Statement (CRS) which must be filed when applying for a whole building review under Ontario's rent review system. Tenants should find the information helpful in understanding the way proposed rent increases will be dealt with at rent review.

Each year, the Ministry of Housing calculates the rent review guideline for the upcoming year. The calculation is based on a formula which takes into account the typical operating costs in a residential rental building.

A landlord can raise the maximum rent for a unit by the guideline amount without approval from the Ministry of Housing, provided there are 12 months between rent increases. Maximum rent is the lawful maximum rent that could be charged had the landlord taken all permissible rent increases on or after August 1, 1985.

In 1988, the guideline is 4.7%. A landlord who proposes to increase the current maximum rent by more than 4.7% during 1988 must justify this higher increase through the rent review process. Until a decision about the application is reached, a tenant is required to pay only the guideline increase above the current maximum rent.

It is important to note that the landlord applying for rent review must file an application and supporting documents no later than 90 days before the first proposed rent increase is scheduled to take effect.

In addition, the tenants in the complex must be served with a copy of the rent review application by the landlord within 10 days after it has been filed with the local rent review office. The tenants are free to examine all documents submitted by the landlord and to comment on them to the local rent review office within fixed time limits.

Sometimes it may be impossible for the landlord or tenants involved to meet these time limits. In these cases, either party can ask for an extension and, where it would not be unfair, extensions may be granted.

FORMS TO BE FILED

When applying for an increase which exceeds current maximum rent by more than the guideline, the landlord who wants these increases to apply to an entire complex (a whole building review) must complete three things and attach supporting documents:

- A. an application form (Form 4);
- B. a Detailed List of Proposed Rents and Services (Form 4A), and
- C. a Cost Revenue Statement (CRS).

The **application form** contains basic information such as the landlord's name and the address of the complex.

The **Detailed List of Proposed Rents** indicates the current rent charged, the current maximum rent, the new rent the landlord proposes to charge for each unit in the complex, the date of the last increase for each unit, the date of the proposed increase for each unit, and a list of services provided to tenants, e.g. parking, cablevision, etc.

The **Cost Revenue Statement (CRS)** describes the financial situation of the complex under review. It comprises 10 forms which set out the specific reasons or grounds for proposing a rent increase higher than the guideline.

The reasons may include extraordinary operating costs, capital expenditures, increased financing costs for the complex, economic loss and so forth.

The major reasons for rent increases have been divided into 10 separate CRS forms. A landlord must complete CRS 1 and any of the nine CRS forms which apply to the situation. For example, a landlord who is claiming a capital expenditure allowance will fill out forms CRS 1 and CRS 3.

When completed, the CRS forms and supporting documentation must be returned to one of the local rent review offices listed at the back of this guide.

Staff at the local rent review office will then examine the Cost Revenue Statement along with all the other information filed, make inquiries, possibly arrange meetings with landlords and tenants and generally help all parties through the rent review process.

A decision is ultimately reached at the rent review office and an Order issued.

COMPLETING THE COST REVENUE STATEMENT FORMS

The following pages provide step-by-step instructions to assist landlords in completing each of the 10 CRS forms.

The instructions are arranged in the same order as the sections on all the CRS forms. Under each heading specific instructions are provided for completing the corresponding section on the form. Whenever possible, examples are included to show the proper way to complete the section.

For the purposes of this guide, each CRS form has been completed independent of the other forms, e.g. sample information on CRS Form 3 is not related to any data provided on CRS 8.

In some cases, it may be necessary for a landlord to provide additional information on a separate sheet. Please fasten any separate sheets securely to the CRS form and indicate at the top of the form that there are attachments. Be sure to initial at the top of all attachments, and on the bottom of all completed CRS forms.

If you cross out or correct any information on any of the forms or attachments, please initial each change in the nearest margin.

FILING COST REVENUE STATEMENT FORMS

A completed CRS form 1 and any other applicable CRS forms must be filed with:

- A.** a whole building review application (Form 4),
and
- B.** a Detailed List of Proposed Rents and Services (Form 4A),
and
- C.** supporting documents

Applications and other required documents can be mailed or delivered personally to the local rent review office.

DESCRIPTION OF COST REVENUE STATEMENT FORMS

Following are brief descriptions of the cost revenue statement (CRS) forms which a landlord files with a whole building review application.

A completed **CRS Form 1 (General Cost Revenue Statement)** provides basic details about the residential complex, including accounting periods, total rent data and the types of services included in the basic unit rent for all units. Basic unit rent is the rent charged for a unit excluding any separate charges paid to a landlord.

A completed **CRS Form 2 (Extraordinary Operating Costs)** includes financial data for certain cost categories in which extraordinary operating costs are being claimed.

A completed **CRS Form 3 (Capital Expenditures)** includes specific financial data on capital expenditures such as: total cost, including purchase price, installation and construction costs and the net of any proceeds received from insurance; actual cost of borrowing, including any guarantees which resulted in reduced interest costs; information on whether the landlord, an employee or contractor did the work; vacancy losses experienced as a result of the capital expenditure; previous allowances for the same item(s) if completed on or after August 1, 1985.

A completed **CRS Form 4 (Financing Costs)** includes details such as the principal amount, interest rate, amortization period, expiry date, method and frequency of repayment, amount of each payment, special provisions of financing instruments, total annual payments and acquisition information.

A completed **CRS Form 5 (Operating Costs)** includes financial information on certain cost categories such as: superintendent's salary and rent, insurance, heating, hydro, water, municipal taxes, management and administrative overhead, interest and bank charges, bad debts, maintenance, accounting and legal fees, cablevision, and other miscellaneous costs.

Under certain circumstances, a landlord may have the costs determined in a previous rent review Order updated. Otherwise, a landlord must prove operating costs by attaching all receipts and any other proof of expenditures.

A completed **CRS Form 6 (Financial Loss)** includes financial data on revenue, operating and financing costs. A detailed list of the last lawful rents charged in the month before the first proposed rent increase is required.

A completed **CRS Form 7 (Relief from Hardship)** includes financial data on revenue, operating and financing costs.

A completed **CRS Form 8 (Economic Loss)** includes financial data on the value of both the building and the land, or acquisition costs if the landlord purchased the building. The statement also includes details on initial invested equity, capitalized financial losses and current financial position.

A completed **CRS Form 9 (Changes in Services and Facilities or Standard of Maintenance and Repair)** includes financial details and a description of any changes.

A completed **CRS Form 10 (Equalization or Other Apportionment of the Proposed Rent Increase/Other Issues)** includes a description and explanation of a landlord's proposed method of apportioning the justified rent increase, equalization, consultants' fees, appraisal fees and other relevant matters.

General Cost Revenue Statement – CRS Form 1

A landlord applying for a whole building review must complete CRS Form 1. This form asks for basic details about the residential complex, including accounting periods, revenue and the types of services included in the basic unit rent.

At the bottom of the form, the landlord should check off which of the other nine CRS forms is being filed as well. Before doing that, it is advisable for a landlord to read through this guide carefully for an understanding of each form.

COMPLETING THE FORM

1. ADDRESS OF COMPLEX

Indicate the complete address of the residential complex to be reviewed.

1. Full Address(es) and Name (if any) of Residential Complex

100 KING STREET
ANYTOWN, ONTARIO
N1N 2N3

2. ADDRESS OF LANDLORD/LANDLORD'S AGENT

Indicate the name and address of the landlord and the landlord's agent, and a telephone number where both can be reached during business hours. In the space marked "Landlord", provide the name of the landlord and any other person responsible for managing the complex

which is the subject of this application, e.g. a property management company. In the space marked "Agent", provide the name of the person who represents the landlord on this application, e.g. a rent review consultant.

2. Name and Mailing Address of Landlord(s) and Agent(s)

Landlord
123456 ONTARIO LTD.
% ABC PROPERTY MGMT. LTD.
10 QUEEN ST., ANYTOWN, ONT.

Agent
RENT REVIEW CONSULTANTS LTD.

25 DUKE STREET
ANYTOWN, ONTARIO

Telephone

2 1 2 9 2 2 9 9 2 2

Postal Code

N 4 N 5 N 6

Telephone

2 1 2 9 2 3 4 5 6 7

Postal Code

7 N 7 8 N 9

3. RESIDENTIAL COMPLEX HISTORY

Indicate the day, month and year that the first rental unit in the residential complex was occupied. If the first rental unit was occupied before January 1, 1976, indicate the year it was first occupied, if known, or the approximate date, such as "pre-76, 1950's."

Indicate if a Registration Statement has been filed for the complex. Under the **Residential Rent Regulation Act, 1986**, landlords of complexes containing more than six units must have registered their actual rents by May 1, 1987. Landlords of small complexes will be required to

register at a later date. They may, however, register at any time.

Please note that, after July 31, 1987, no application for rent review will proceed unless the landlord has filed a rent registration statement, regardless of the size of the complex.

Indicate whether any rent review orders have been previously made for this complex. Also indicate the date(s) (day/month/year) of any previous orders.

3. Residential Complex History

Date First Rental Unit Occupied

PRE-76 1950's

Has a Registration Statement been filed with the Rent Registry for this residential complex? Yes ☒ No ☐

Yes ☒ No ☐

Has an order for rent review been previously made for this residential complex, in whole or in part? Yes ☒ No ☐

Date of Order(s)

1. JUNE 10, 1986

2.

3.

4. RESIDENTIAL COMPLEX DETAILS

Indicate the total number of rental units in the complex. All residential units should be counted, including the superintendent's and any vacant units.

Under the section for Building Type, check the category that best describes the building or sites on the property.

If the building under review is not adequately described by any of the given types, check the box "Other", and provide a description, e.g. where single family homes are located on rented sites.

Indicate the number and type of parking spaces available, excluding those for visitors.

Check whether the complex under review is part of a project which includes other residential complexes and/or non-residential components. For example, if the complex under review was bought or built together with other residential complexes, tick "YES". Or, if the complex was bought or built with commercial or retail components, tick "YES".

4. Residential Complex Details			
Total Number of Rental Units	Available Residential Parking Spaces (excluding visitors)		Is the residential complex part of a project which includes:
	Classes	No. of Spaces	
Building Type (Check) <input type="checkbox"/> Row/Town House <input type="checkbox"/> Condo or Co-op Rental <input type="checkbox"/> Mobile Home Rental Park <input type="checkbox"/> House Rental <input type="checkbox"/> Two to Six Unit Building <input checked="" type="checkbox"/> Apartment Building (7 or more units) <input type="checkbox"/> Boarding or Lodging House <input type="checkbox"/> Other (describe)	Garage	5	(i) other residential complexes? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No (ii) non-residential components? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
	Carport		
	Uncovered	5	
	Other (specify)		
	Total		

5. ANNUAL ACCOUNTING PERIODS

Indicate the annual accounting periods on which this rent review application is based. A landlord is required to state three consecutive 12-month accounting periods on this form: the Base Year, the Reference Year and the Projected Year.

The Base Year is the 12-month accounting period most recently completed on or before the date of the first proposed rent increase for which the landlord has applied.

For example, a landlord might propose increasing current maximum rents by more than the guideline beginning August 1, 1988. If the landlord keeps financial records on a calendar year basis, the most recently completed accounting period of the landlord would be January 1, 1987 to December 31, 1987. This becomes the landlord's Base Year.

Using the same example, the landlord's Reference Year period would be the 12-month accounting period

prior to the Base Year – January 1, 1986 to December 31, 1986.

Again, in the same example, the landlord's Projected Year would be the 12-month period following the Base Year – January 1, 1988 to December 31, 1988.

It should be noted that a landlord's annual accounting periods need not correspond to the calendar year or 12-month periods established for tax or accounting purposes.

If, in the same example, the landlord does not keep financial records on a calendar year basis, the landlord's Base Year could be from April 1, 1987 to March 31, 1988, with the corresponding Reference Year and Projected Year periods.

The accounting periods on this application will generally be the basis for any future applications.

5. Annual Accounting Periods Relating to this Application					
Reference Year		Base Year		Projected Year	
From	To	From	To	From	To
JAN. 1, 1986	DEC. 31, 1986	JAN. 1, 1987	DEC. 31, 1987	JAN. 1, 1988	DEC. 31, 1988

6. GROSS POTENTIAL RENT

Indicate the Gross Potential Rent for the residential complex...

Gross Potential Rent is the maximum amount of rent the landlord would collect if all rental units were rented in the month immediately before the first proposed rent

increase would take effect, multiplied by twelve. For example, if a landlord has 10 units with current maximum rents of \$500 a month each, the gross potential rent is \$60,000 (10 x \$500 x 12 months).

6. Gross Potential Rent

Total maximum rent for all rental units for month preceding date of first increase applied for:

\$ **5,000.00**

Multiplied by 12

\$ **60,000.00**

Note: The operating cost allowance will be determined by the Minister under clause 75(a) and section 76 of the Act.

7. SERVICES INCLUDED IN BASIC UNIT RENT OF ALL RENTAL UNITS IN THE COMPLEX

Indicate the services provided to all units in the complex as part of the basic unit rent, i.e. those services for which there is no separate charge paid to the landlord. If there is not enough room to describe the types of services provided, please submit this information on a separate sheet of paper and attach it to this form.

If the same services are not included in the basic unit rent for all units, please indicate on a separate sheet of paper and attach to this form. If this information has already been submitted on the Detailed List of Proposed Rents and Services, it need not be filed again.

7. Services Included in Basic Unit Rent of all Rental Units in the Complex (Please check those applicable)

☒ Heat ☒ Water ☒ Hydro ☐ Cablevision ☐ Parking (No. of Spaces Per Unit) 1 ☐ Air Conditioning ☐ Other

If the same services are not included in the basic unit rent of all units, please indicate this in a separate schedule.

8. ADDITIONAL CRS FORMS

Indicate the other CRS forms being submitted to support this whole building review application.

8. Please complete the appropriate form(s) and attach them to this statement together with supporting material.

Please indicate at the right the forms attached. ►

Form	Item
<input checked="" type="checkbox"/> CRS 2	Extraordinary Operating Costs
<input checked="" type="checkbox"/> CRS 3	Capital Expenditures
<input type="checkbox"/> CRS 4	Financing Costs
<input type="checkbox"/> CRS 5	Operating Costs
<input type="checkbox"/> CRS 6	Financial Loss
<input type="checkbox"/> CRS 7	Relief From Hardship
<input type="checkbox"/> CRS 8	Economic Loss
<input type="checkbox"/> CRS 9	Changes in Services and Facilities or Standards of Maintenance and Repair
<input checked="" type="checkbox"/> CRS 10	Equalization or Other Apportionment/Other Issues

The individual completing CRS Form 1 should date and initial the form at the bottom of the page.

9. DECLARATION

Pages 2 and 3 of CRS 1 are a legal statement that the information given on all CRS forms and attachments submitted by the landlord is accurate and is reported correctly.

Both Part A and Part B of the Declaration must be signed. Part A should be signed by the person who provides the information for the CRS forms. Part B should be signed by the person who uses the information to complete the CRS forms.

If the same person provides the information and

completes the CRS forms, that person must sign both Part A and Part B of the Declaration.

Please Note: The CRS forms are legal documents. It is an offence under clause 122 (1) (b) of the **Residential Rent Regulation Act, 1986**, to knowingly furnish false or misleading information in any application, document, written representation or statement to the Ministry. The maximum penalties are \$2,000 for an individual, \$25,000 for a corporation and \$2,000 for a corporate officer or director who knowingly concurs in the prohibited act.

EXAMPLES OVERLEAF

The person who signs Declaration A will also sign Declaration B if that person completed the Cost Revenue Statement forms. If not, the person completing the forms will complete Declaration B.

The person signing Declaration B will date and initial each page of the Cost Revenue Statement forms in the spaces indicated.

9. Declaration

In the matter of an application for rent review by 123456 ONT. LTD. landlord, respecting the residential complex known municipally as 100 ANY STREET, ANYTOWN (the "residential complex"):
Name of Landlord
Complex Address

A. I, DAVID SMITH, of the CITY of ANYTOWN
Name City, Town City, Town Name
in the COUNTY of UPPER CANADA do solemnly declare that:
Regional Municipality, County, District County, District Name

1. I am the ☐ landlord

☐ _____ of _____
Corporate Title Corporate Landlord

☐ landlord's agent who contracted with the landlord to manage the residential complex on the landlord's behalf.

☒ PRESIDENT of ABC PROPERTY MGMT. LTD.
Corporate Title Company Name

who contracted with the landlord to manage the residential complex on the landlord's behalf.

2. I have read this Cost Revenue Statement consisting of CRS Forms 1, 2, 3 + 10 as completed (the "Cost Revenue Statement") and have reviewed all attachments.
Form Numbers

3. The financial information in this Cost Revenue Statement and all attachments is based on

(a) genuine and actual costs incurred in respect of the residential complex which I have verified, and

(b) on projected costs which relate to the residential complex and which are genuine and accurate to the best of my knowledge and belief.

4. All other information in the Cost Revenue Statement and in all attachments is true, correct and complete to the best of my knowledge and belief.

5. I fully understand that it is a serious offence to knowingly furnish false or misleading information pursuant to clause 122(1)(b) of the Residential Rent Regulation Act, 1986.

And I make this solemn declaration conscientiously believing it to be true and knowing that it is of the same force and effect as if made under oath or affirmation.

Declared before me at the

CITY of ANYTOWN
in the COUNTY of UPPER CANADA

JAN. 25, 19 88.

Cue

A Commissioner, etc.

David Smith

9.

Declaration

B. I, JANE DAY, of RENT REVIEW CONSULTANTS LTD.
Name and Corporate Title, if applicable Corporate Landlord, Company Name, Law or Accounting Firm
 _____, of the CITY of ANYTOWN
City, Town City, Town Name
 in the COUNTY of UPPER CANADA do solemnly declare that:
Regional Municipality, County, District County, District Name

1. I am the ☐ person who signed Part A of this declaration.

☒ AGENT of the applicant landlord in this matter.
Agent, Solicitor, Accountant, etc.

2. I have completed this Cost Revenue Statement consisting of CRS Forms 1, 2, 3 + 10 and any schedules
Form Numbers
 thereto and have reviewed all attachments.

3. The financial information in the Cost Revenue Statement and in all attachments is reported on a consistent basis for all accounting periods and relates to the relevant accounting periods under review.

4. I fully understand that it is a serious offence to knowingly furnish false or misleading information pursuant to clause 122(1)(b) of the **Residential Rent Regulation Act, 1986**.

And I make this solemn declaration conscientiously believing it to be true and knowing that it is of the same force and effect as if made under oath or affirmation.

Declared before me at the

CITY of ANYTOWN

in the COUNTY of UPPER CANADA

JAN. 25, 19 88.

Ar

A Commissioner, etc.

Jane Day

Extraordinary Operating Costs – CRS Form 2

A landlord's normal operating costs are taken into account in the calculation of the rent review guideline each year. Changes in these costs are part of the Building Operating Cost Index (BOCI).

BOCI is the major component used to calculate the rent review guideline and outlines **typical** operating costs, based on a three-year moving average, such as heat, hydro, water, taxes, a superintendent's salary and so on. These costs are grouped into 13 categories.

As the operating costs in BOCI are based on "typical" costs, sometimes a landlord may experience an operating cost which is above or below the amount allowed for in BOCI. For example, a landlord who believes some operating costs are unusually high, i.e. extraordinary, should complete Form CRS 2.

A landlord claiming an Extraordinary Operating Cost must prove:

EITHER

(a) the cost increase in a category is 50% higher than allowed in BOCI. For instance, if BOCI allows for a 10% increase in maintenance costs, but a landlord's maintenance costs increased by 15% (50% higher than BOCI allows), the landlord can claim an extraordinary operating cost.

OR

(b) the cost increase would result in a difference in revenue of at least one per cent from that allowed by BOCI. For example, if a landlord has 10 units with current maximum rents of \$500 a month each, the total revenue for the year is \$60,000 (10 x \$500 x 12 months). If BOCI allows taxes to increase to \$2,000, but a landlord actually paid \$2,600, the difference (\$2,600 – \$2,000 = \$600) would qualify as an extraordinary cost because \$600 is 1% of the gross potential rent (\$60,000).

To find out the cost increases that BOCI allows, call the nearest rent review office and ask for a copy of the applicable BOCI table.

It should be noted that if a landlord files a whole building review application asking for rent increases based on extraordinary operating costs, or on any other grounds, a tenant may report a decrease in operating costs that might be considered "extraordinary." In other words, once a landlord application is filed, tenants may try to prove extraordinary **decreases** in operating costs which could reduce the justified rent increase.

COMPLETING THE FORM

1. BUILDING OPERATING COST INDEX (BOCI)

The form lists the 13 operating costs categories used in BOCI: superintendent's salary and rent, insurance, heating, water, management and administrative overhead, interest and bank charges, bad debts, maintenance, accounting and legal, cablevision, hydro, municipal taxes and miscellaneous. In claiming an extraordinary operating cost for any of these categories, the landlord

must indicate the amount spent in that category during the Base Year. The landlord then indicates the amount expected to be paid for the same categories in the year immediately following – the Projected Year.

The landlord calculates the difference between these two figures, and enters the amount in the proper column.

BOCI Category	Costs Experienced During Base Year \$	Costs Anticipated or Experienced During Projected Year \$	Difference (In Dollars) \$
1. <i>INSURANCE</i>	<i>\$3500.00</i>	<i>\$5800.00</i>	<i>\$2300.00</i>
2. <i>MUNICIPAL TAXES</i>	<i>3850.00</i>	<i>7000.00</i>	<i>3150.00</i>
3.			

In the space provided (use a separate sheet of paper if necessary), the landlord must explain the unusual or estimated increases in operating costs. The landlord must also attach documentation such as contracts, invoices and receipts as proof of expenditures already made during the Base Year, as well as estimates for the Projected Year and actual figures to date.

Please explain the amounts claimed above for each category and attach documentation.

1. INSURANCE - GENERAL INCREASE IN 1988
COMPARED WITH 1987
STATEMENTS ATTACHED
2. MUNICIPAL TAXES - PROPERTY REASSESSED
AS OF JANUARY, 1988
NOTICE ATTACHED

The individual completing CRS Form 2 should date and initial the form at the bottom of the page.

Capital Expenditures – CRS Form 3

A landlord may apply for rent increases to recover the cost of making a capital expenditure for a residential complex.

A capital expenditure is the amount spent on major renovations or additions to a building, equipment or facilities, e.g. a new roof or furnace. It might also be a major expenditure for repair, replacement and maintenance, e.g. new hallway carpets, but only if the benefits last longer than one year.

For certain items (listed on Table 2 at the end of this section), the expenditure must affect at least 25% of the units or result in an allowance which is at least one per cent of the gross potential rent. In the latter case, if a landlord has 10 units with current maximum rents of \$500 a month each, the gross potential rent for the year is \$60,000 (10 x \$500 x 12 months). As 1% of \$60,000 is

\$600, the landlord must qualify for an allowance of at least \$600.

Generally, capital expenditures must be substantially completed within a period of 12 consecutive months within the Base Year and the Projected Year periods.

It is important to note that operating costs which recur on an annual basis are not capital expenditures, even if they benefit tenants for more than one year. Annual landscaping services, for example, would not qualify as a capital expenditure.

When the Ministry calculates the justified rent increase, an allowance will be determined for capital expenditures based on such things as the purchase price, management and administration costs, vacancy loss, etc. The Ministry amortizes these costs, with interest, over the anticipated useful life of the expenditure.

COMPLETING THE FORM

1. CAPITAL EXPENDITURES CLAIMED

Indicate each capital expenditure separately, noting whether an item is new or used and its location within the complex (see tables at the end of this section for types of expenditures).

Also indicate the starting date (day/month/year) and date of "substantial completion" for each expenditure. The substantial completion date is the date that the landlord is liable for the total costs of the capital expenditure or the date that the capital expenditure could be considered complete even though some further work still needs to be done, e.g. a new roof has been installed but the trim still needs to be painted.

Indicate the amount of money spent on materials, contracting costs, and salaries for any other workers hired to do the job. Provide an estimate of the cost of the landlord's own labour in doing any of the work, including an amount that reflects management and administration time. This estimate should be arrived at by figuring out the number of hours a landlord spent on the project multiplied by a reasonable hourly rate. Enter this calculation in the space provided, e.g. 50 hours x \$10 an hour = \$500.00.

If some of the units could not be rented while the work was being done, calculate a Vacancy Cost based on the rent that could have been charged if those units were rented. Provide details such as the number of units vacant, rents that could have been charged, length of vacancy, etc.

Indicate the anticipated useful life of the item being added or replaced based on the tables at the end of this section. If the landlord's estimate of useful life differs from the one in the table because, for example, used equipment is being installed, an explanation should be provided on a separate sheet of paper and attached to this form.

Indicate whether the capital expenditure is of a continuing nature. To be a continuing capital expenditure the following criteria must be met:

- (a) the work will take more than 12 months but not more than 36 months to complete, and
- (b) it is a single capital expenditure which will be completed in stages, e.g. three levels of a parking garage are being re-paved at the rate of one level each year; or the expenditure is being made on a project basis, e.g. balconies are being replaced but they can't all be done in one year because of weather constraints, and
- (c) it is a capital expenditure which:
 - makes related improvement to a specific room or area, e.g. kitchen floors in every unit are retiled, or
 - involves similar objects, items or systems, e.g. new screen doors and windows are installed.

If a landlord claims a continuing capital expenditure, further details are required in Section 6 of this form.

1.	Item Claimed Description/Location	Starting Date	Date of Substantial Completion	Direct Labour Material & Contract Costs	Landlord's Own Labour	Related Vacancy	Anticipated Useful Life	Continuing Capital Expenditure Yes/No (If yes, complete Part 6)
1.	NEW SLATE ROOF	MAY/87	JULY/87	\$11,800.00	50 HRS. AT \$10/HR.	—	20	NO
2.	NEW STOVE. APT. 7	SEPT./87	SEPT./87	\$800.00	—	—	10	NO
3.	2 ND LEVEL GARAGE	MAY/87	NOV./87	\$10,000.00	—	—	10	YES

2. CAPITAL EXPENDITURES FUNDING

(a) SOURCE OF FUNDS FOR CAPITAL EXPENDITURES

Indicate the total amount of money borrowed relating to the capital expenditures listed in Section 1. Also indicate the name of the lender and the interest rate being charged by the lender. Indicate the type of security provided for the loan (e.g. a collateral mortgage, promissory note,

etc.) and the loan's inception and expiry dates. If the landlord's own funds were used in addition to, or instead of, borrowed money indicate the amount used from the landlord's own funds for each expenditure.

2. (a) Source of funds for Capital Expenditures set out in paragraph 1 above.							
Item	Amount Obtained from Lender (Excluding Government Programs)	Name of Lender	Interest Rate	Type of Security	Inception Date	Expiry Date	Amount from Landlord's Own Funds
1.	\$5,000.00	ANYBANK	11%	PRINCIPAL RESIDENCE	MAY/87	APRIL/92	\$1,000.00
2.	—	—	—	—	—	—	\$800.00
3.	\$12,000.00	ANYBANK	11%	PRINCIPAL RESIDENCE	MAY/87	APRIL/92	—
4.							
5.							
6.							

The information required in this section will help determine the rate of interest that will be used in calculating a capital expenditure allowance.

If the funds were borrowed, indicate whether the loan was guaranteed and, if so, any resulting reductions in the interest rate. For example, the landlord puts his or her

own house up as security. Because this is excellent security, the bank might discount the interest rate it normally charges. If the going rate is 12%, the bank might only charge 11% because the landlord's house is offered as security. Indicate the resulting interest rate.

If funds borrowed:	Was guarantee given on behalf of landlord to lender?	If yes, amount by which actual interest rate was reduced by reason of guarantee for each item set out above.
	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	

1%: ORIGINAL RATE WAS 12%,
REDUCED TO 11% BECAUSE
OWN HOUSE USED FOR SECURITY.

If the landlord's own funds were used, either in addition to or instead of obtaining a loan, indicate the original "acquisition cost" or "value" of the residential complex.

A landlord who purchased the complex would indicate "acquisition costs." These costs include the purchase price and related costs such as appraisal fees, legal fees and disbursements, physical inspection costs and the land transfer and retail sales taxes. CRS Form 4 will help in calculating acquisition costs.

A landlord who is the original owner who constructed the complex would indicate the "value" of a complex. The "value" of a complex is the value of the land plus the value of the building(s). CRS Form 8 will help in calculating the "value" of a complex.

Indicate the principal amount of financing arranged at the time of acquisition or construction.

Indicate the principal amount of financing remaining on the complex as of the date of this application.

Where landlord's own funds used provide:	1. Acquisition Cost or Value of Residential Complex \$600,000.00	2. Principal Amount of Financing at Time of Acquisition/Construction \$510,000.00	3. Existing Financing Relating to the Acquisition/Construction \$410,000.00
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(b) FUNDS OBTAINED UNDER GOVERNMENT PROGRAMS TO FINANCE CAPITAL EXPENDITURES

Many government programs supply financing for capital expenditures. Report any funding from government programs listed here for any of the capital expenditures claimed in Section 1 of this form.

(b) Funds obtained under following government programs to finance capital expenditures:		Item No. from Paragraph 1 above	Amount \$
Low Rise Rehabilitation Program		1	\$4,000.00
High Rise Rehabilitation Program			
Conserve-a-Unit Research Project			
Ontario Home Renewal Program			
Residential Rehabilitation Program			

(c) FUNDS OBTAINED AS PROCEEDS FROM OR AS A RESULT OF INSURANCE

If funds received from insurance were used to finance any of the capital expenditures itemized in Section 1 of this form, indicate the name of the insurer, the amount of funds received and the expenditure the funds were applied to. For instance, if fire damaged a complex's roof and an insurance company paid \$1,800 to cover this

damage, enter \$1,800 in the amount column.

If insurance funds were subsequently received to cover capital expenditures which were allowed in a previous rent review order, indicate the amount of funds received, the date (day/month/year) of that order, and the expenditure to which the insurance funds relate.

(c) Funds obtained as proceeds from or as a result of insurance		
Name of Insurer		2. Amount
1. ANYTOWN INSURANCE CO.		\$1,800.00
3. Capital Expenditure to which these funds relate	4. If capital expenditure in (3) was allowed on previous order, identify date of previous order:	Date
NEW SLATE ROOF		N/A

3. MANAGEMENT AND ADMINISTRATION

This section allows a landlord to claim a management and administrative allowance relating to a capital expenditure. This allowance permits a landlord to claim for the time spent negotiating the capital expenditure or supervising the work.

For construction or renovation, the management and administration allowance is 7.5% if the people who do the work are not in the landlord's employ, e.g. they work for an independent contractor, but are supervised by the landlord or by someone retained by the landlord to supervise.

If the workers are in the employ of the landlord, the allowance is 7.5% for management and 7.5% for administration.

Landlords who do the work themselves would not be entitled to a management and administration allowance, but could include the management and administration time as part of their hourly rate.

When items such as appliances, carpeting or furniture are bought and installed, the management and administration allowance is 2%, provided the landlord or a person employed by the landlord either supervised the installation or negotiated improved terms of purchase.

Part (a) of this section is intended to estimate the proportion of work done by the landlord, persons not directly employed by the landlord (e.g. independent contractors) and the landlord's employees (e.g. the superintendent).

If, for instance, the landlord merely helped install the roof, while the superintendent actually did the installation, the landlord might estimate his or her own portion of the work at 5%, while the person in direct employ of the landlord (superintendent) did 95% of the work.

Please itemize each expenditure as indicated in Section 1. If there is not enough space, use a separate sheet of paper and attach it to this form.

3. Management and Administration		Indicate if Construction or Renovation is Performed by a Person Who is: (State Proportion (%))		
(a) Construction or Renovation		The Landlord	Not in Direct Employ of Landlord, but is Under the Supervision of the Landlord in whole or in part	In Direct Employ of Landlord
Capital Expenditures	Item No.			
NEW SLATE ROOF	1	5%	—	95%
2 ND LEVEL GARAGE	3		100%	

Part (b) concerns the purchase and installation of appliances, carpeting or similar items. Indicate if the landlord or a direct employee supervised the installation or negotiated improved terms of purchase.

If the answer is yes, list the items by the number already set out in Section 1 of this form, and provide any relevant details.

(b) If appliances, carpeting, furnishings or other similar items were purchased or installed, was there an effort by the landlord or persons directly employed by the landlord to negotiate improved terms of purchase or to supervise installation?		<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If yes, please provide details of items claimed.			
SUPERVISED INSTALLATION OF STOVE ON SEPT. 10, 1987.			

4. CAPITAL EXPENDITURES THAT VARY FROM PROJECTED AMOUNTS IN A PREVIOUS ORDER

Complete this section if a previous application for rent review (either under this Act or the **Residential Tenancies Act**) resulted in an allowance for projected capital expenditures and the actual costs vary from those estimated in the previous order. If necessary, use an extra sheet of paper and attach it to this form.

For example, a landlord applied for rent review in 1986 and claimed a capital expenditure allowance for a new boiler. Installation was not completed at the time but the landlord claimed the final cost would be \$10,000. This amount was reasonable based on information supplied at the time, so a rent review order allowed the

\$10,000 expenditure. As it turns out, the boiler cost \$12,000. In this section, the landlord claims the \$2,000 difference.

If the expenditure is one reported in Section 1 of this form, identify it by its item number. If the expenditure is different from those reported in Section 1, indicate the nature of the expenditure.

Indicate the cost allowed under the previous rent review order and the actual cost. Indicate the allowance for this expenditure that was given in the previous order and the date (day/month/year) of that order.

4. If actual capital expenditures vary from projected amounts allowed for such expenditures in a previous order under this Act or the **Residential Tenancies Act**, please provide details.

Item No. from above (if applicable)	Previously Allowed Costs	Actual Cost	Annual Allowance Set Out on Previous Order	Date of Previous Order
<i>BOILER</i>	<i>\$10,000.00</i>	<i>\$12,000.00</i>	<i>\$1,297.00</i>	<i>JUNE 10, 1986</i>

5. REPLACING PREVIOUSLY ALLOWED CAPITAL EXPENDITURES

This section concerns previous rent review orders which allowed a capital expenditure, and a landlord is now claiming the replacement of the same capital expenditure. For example, a landlord received an \$87.50 capital expenditure allowance in a previous order to replace a stove. Several years later, the landlord wants to replace the same stove, so is claiming another capital expenditure. The stove now costs \$50 more to replace. In this case, the previous allowance is deducted from the

justified rent increase before allowing any current allowance for the new expenditure.

Please provide details about the replacement of any capital expenditure items to be considered in this application that were allowed in a previous rent review order and were completed on or after August 1, 1985. If there is not enough space use a separate sheet of paper and attach it to this form.

5. Has there been a replacement of any capital expenditure items which which were completed on or after August 1, 1985, were allowed on a previous order, and are to be considered on this application?

☒ Yes ☐ No

If yes, please provide details, including date of order.

STOVE, APT. # 7

- PREVIOUS ORDER: JUNE 10, 1986

- TOTAL COST ON PREVIOUS ORDER \$750.00

- ALLOWANCE ON ORDER 87.50

- REPLACEMENT COST 800.00

WIRING IN STOVE DEFECTIVE, WARRANTY HAD EXPIRED

6. CONTINUING CAPITAL EXPENDITURES

Complete this section to provide details about continuing capital expenditures noted in Section 1.

6. If any of the items mentioned in paragraph 1 are of a "continuing nature", please provide the following details:

(a) Identify item(s) and describe nature of work.

**GARAGE REPAIRS : LEVEL ONE COMPLETED 1986
LEVEL TWO COMPLETED 1987
LEVEL THREE TO BE COMPLETED 1988**

(b) Date project or item is expected to be completed.

SUMMER, 1988

(c) Dates of any previous whole building review orders under this Act which found the project or item to be of a "continuing nature".

JUNE 10, 1986

Provide details: **RECEIVED ALLOWANCE FOR COMPLETION
OF LEVEL ONE.**

7. ALLOCATING A CAPITAL EXPENDITURE

Part 7 concerns allocating a capital expenditure where the complex is part of a project which has non-residential components, such as offices or stores, and/or involves more than one residential complex. The idea is to have tenants pay for costs relating only to the residential complex under review.

The suggested method of allocation is by revenue – comparing the commercial revenue to the residential revenue. For example, a triplex is composed of two apartments and one store. The revenue for each of the components is \$500 a month in the Base Year, making the total revenue \$1,500. Two-thirds of \$1,500 relates to the residential component. If the landlord puts a roof on the building, this capital expenditure could be allocated

on the basis of each component's respective revenue in the Base Year – in other words, two-thirds to the residential units.

Indicate whether any of the costs claimed on CRS Form 3 relate to non-residential areas or residential complexes other than the one being reviewed. If this is the case, supply the revenue figures and supporting documentation for the Base Year accounting period.

A landlord can suggest another method of allocation if the revenue method is not appropriate. Some other methods are: tax assessment, square feet or metres, number of units, etc. Explain the suggested method of allocation in the space provided.

7. (a) Do any of the costs claimed relate to non-residential areas or other residential complexes?

☒ Yes ☐ No

(b) If yes, provide revenue for non-residential areas or other residential complexes for base year period.

\$ 9,600.⁰⁰

**VARIETY STORE ON GROUND FLOOR
AND 3 PARKING SPACES FOR STORE.**

(c) If another method of allocation is proposed, please provide details.

The individual completing CRS Form 3 should date and initial the form at the bottom of each page.

TABLE 1

Item	Useful Life (Years)
1. Air Conditioning	
Central System	20
Cooling Tower	15
Units – Incremental	10
– Sleeve, Window	5
2. Appliances	
Clothes Dryer	10
Dishwasher	10
Floor Polishers – Domestic	5
– Commercial	10
Garbage Compactors	10
Garbage Disposer	5
Stove – Electric, Gas	10
Refrigerators	10
Vacuums (Commercial)	5
Washing Machine	5
3. Chimney	
Masonry (Brick, Block)	20
Metabestos Type	15
4. Electrical	
Smoke Detectors, Fire Alarms	10
Intercom	10
Lighting Emergency	10
Panel and Distribution (Major)	20
Power Line	20
Re-wiring (Major)	20
Transformer	20
5. Elevators	
Electrical Controls	10
New Installation	20
Panels – Inside Wall	10
6. Fences	
Steel (Chain Link, Scroll)	15
Wood	10
7. Heating Plant	
Boilers – Gas-Fired Atmospheric Boilers	10
– Hot Water	20
– Insulation	20
– Steam	20
Furnace – Electric, Forced Air	20
– Oil, Gas, Forced Air	20
– Wall or Floor, Gas, Oil	10
Pumps, Heat	10
8. Heating System	
Electric	15
Hot Air	15
Hot Water	20
Steam	20
9. Hot Water Tanks	
Commercial, Gas, Oil, Electric	10
Domestic, Gas, Oil, Electric	10
10. Miscellaneous – Outdoor/Indoor	
(a) Outdoor	
Antennae T.V., Steel	15
Backhoe	10
Front End Loader	10
Lawnmower, Power	5
Scaffold Metal	20
Snow Blower	5
Tractors (small)	10
Trucks (pickup and delivery)	10
(b) Indoor	
Cabinets, Counter Tops – Kitchen, Bath	15
Carpets – Common Areas	5
– Ensuite	10
Dehumidifiers	10
Paneling	15
11. Outdoors	
Building – Storage/Service	20
Culvert (metal, concrete)	20
Eavestrough – Downpipe, (Aluminum) (Plastic)	15
Garage Concrete Floor (Slab) and Rebar Repairs (Major)	10
– Slab Waterproofing	5
Garage, Concrete Ramp and Heating (Major)	10
– Doors, Aluminum, Steel	20
– Doors, Wood	15
Incinerators	15
Lawn Sprinklers, Underground	10
Lighting – Parking Lot and Street (service and posts)	20

Item	Useful Life (Years)
Playground – Swings, etc.	5
Sanitary System	20
Septic Tank and Tile Bed	20
Storm System	20
Swimming Pool – Above Ground	10
– Concrete	20
– Heater	10
– Painting	5
– Pump, Filter	10
– Vinyl	15
Tree Removal	20
Wells and Water System	20
12. Parking Lot, Driveways and Walkways	
Asphalt	10
Brick, Interlocking	10
Concrete	10
Gravel	10
13. Plumbing	
Drains, Stacks (Plastic)	20
Fixtures, Tubs, Toilets, Sinks	20
Pumps – Circulating, Sump	10
Risers (Copper)	20
Valves, Access Doors, Fittings, etc.	10
14. Roofs (construction/replacement)	
Flashing Metal	15
Flat (Asphalt and Gravel)	15
Slate	20
Sloped (Asphalt Shingles)	15
15. Temperature Control	
Electric – indoor	10
– outdoor	10
Pneumatic	15
16. Ventilation	
Corridor System	10
Sanitary Exhaust – Central System	15
– Individual System	10
17. Exterior Walls	
Doors – Patio	15
Doors, Windows – Aluminum Storm	15
Insulation	15
Sandblasting	10
Siding, Aluminum	15
Stucco (new)	15
Waterproofing, above ground	5

TABLE 2

Item	Useful Life (Years)
1. Chimney	
Repairs Masonry (Major)	5
2. Electrical	
Fixtures Light – (Common Areas, ensuite)	10
Lighting Emergency – Batteries	5
3. Heating Plant	
Boilers – Re Tubing (Major)	10
4. Miscellaneous	
Blinds, Venetian	5
Drapes	5
Extinguishers, Fire	5
Tile Flooring or Wall – Asphalt, Linoleum, Vinyl, Ceramic	10
Wallcovering, Vinyl	10
5. Outdoors	
Eavestrough – Downpipe (Galvanized)	10
Garage – Operators, Door	10
Lighting – Fixtures	10
6. Painting	
Interior – common areas and ensuite	5
Exterior – walls, trim and balconies	5
7. Parking Lot, Driveways and Walkways	
Repairs (Major)	5
8. Plumbing	
Faucets	10
9. Roofs	
Repairs, Flat (Major)	5
10. Exterior Walls	
Caulking	5
Repairs, Brick, Tuck Pointing (Major)	10
Repairs – Glazing (Major)	5

Financing Costs – CRS Form 4

Financing costs are the payments a landlord makes on funds borrowed or assumed relating to the purchase or construction of a residential complex.

Financing costs are one of the factors used to determine whether a landlord has experienced or will experience **financial loss**, changes in interest rates, and/or qualifies for **economic loss** or **hardship relief**.

Financial loss occurs when costs exceed revenue in a given year.

Economic loss occurs when a landlord is not making the permitted rate of return.

Hardship occurs when a landlord is making a return which is less than 2% of total costs.

Applications for rent review to consider increases in financing costs as well as relief from hardship, financial loss and economic loss require the completion of CRS Form 4.

COMPLETING THE FORM

PART 1 – DETAILS OF FINANCING COSTS

This form provides a breakdown of financing costs, usually mortgages, related to the residential complex under review.

Complete Part 1 of the form if reporting financing costs related to the construction, purchase or refinancing of the residential complex. Three identical tables are supplied for recording, in order of priority, the details of financing costs.

If more than three financing arrangements have been made, e.g. the landlord has borrowed from several lenders under different terms, attach an additional sheet of paper detailing these arrangements.

Costs should be reported for the Base Year or for the first 12 months of ownership. If the landlord purchased the complex during the Base Year, indicate the costs for the initial 12 months of ownership. If the landlord purchased the complex in the Projected Year, indicate the costs which fall within the Projected Year period.

If new financing has been arranged for the purchase or construction of a complex, report all details in the column headed "Original". Note on the third line whether the financing is related to a purchase or to construction.

If the financing is assumed from the previous owner on purchase, report in the "Original" column and provide details in the fourth and fifth lines.

If refinancing is involved, report details of the previous financial arrangements in the "Original" column and the new arrangements under the "Renewal or Refinancing" column. For example, if a landlord experiences a change in interest rates midway through the Base Year, from 8% to 10%, report six months in the Base Year at 8%, 6 months in the Base Year at the new rate of 10% and report 12 months in the Projected Year at 10%. Or, if a landlord experiences a change in interest rates in the Projected Year, provide the same details for the Base Year, the Projected Year and the year following.

Part 1: Details of Financing Costs

Report in order of priority. Repeat if more than one instrument.

If residential complex purchased in base year period by applicant landlord, report financing costs during first 12 months of ownership.

Attach separate schedules if necessary.

Priority:

		Original	Renewal or Refinancing
Name of Lender		ANYTOWN MTG. CO.	ANYTOWN MTG. CO.
Inception Date		JAN. 1, 1981	JAN. 1, 1988
Principal Amount of Financing		\$400,000. ⁰⁰ (P)	\$352,000. ⁰⁰
Original: Specify if purchase or construction (final takeout financing after construction or rent-up)			
If assumed, original amount			
If assumed, amount outstanding on purchase			
Interest Rate		8%	10%
Amortization Period	Original	25 YEARS	18 YEARS
	Refinanced	—	—
	Balance at Time of Purchase	—	—

CONTINUED OVERLEAF

Expiry Date	<i>DEC. 31, 1987</i>	<i>DEC. 31, 1991</i>
Method of Repayment (equal blended payment, interest only, graduated payment, etc.)	<i>EQUAL BLENDED</i>	<i>EQUAL BLENDED</i>
Frequency of Repayment	<i>MONTHLY</i>	<i>MONTHLY</i>
Amount of each Payment (Principal and Interest)	<i>\$3,052.86</i>	<i>\$3,473.81</i>
Special Provisions of Financing Instrument	<i>—</i>	<i>—</i>
Total of Payments During Base Year	<i>\$18,317.¹⁴ (6 mos.)</i>	<i>\$20,842.⁸⁴ (6 mos.)</i>
Total of Payments During Projected Year	<i>—</i>	<i>\$41,685.⁶⁸ (12 mos.)</i>

Special details, if necessary:

PART 2 – DETAILS OF PURCHASE

Part 2 takes into account all of the costs involved in purchasing a building in addition to the actual purchase price. List all of these costs.

If the complex was purchased along with another residential complex or other assets, residential or not, complete Part 6 of this form listing the total costs for the entire purchase. For example, if the complex includes a convenience store on the ground level, or if three or four

complexes were financed at the same time, complete Part 6 of this form.

Indicate whether the complex is a limited dividend project. Limited dividend projects are those where the money to build the complex was provided by CMHC at a reduced interest rate and extended amortization period. If the complex is a limited dividend project, provide a copy of the CMHC agreement.

Part 2 – Details of Purchase		
Name of Vendor		Date of Purchase
1. <i>DONALD AND DONNA JAMES</i>		<i>JAN. 1, 1981</i>
Date Building Permit Issued		<i>1952</i>
2. Acquisition Costs	Purchase Price <i>(ALLOCATED SEE PART 6)</i>	<i>\$622,000.⁰⁰</i>
	Legal Fees and Disbursements	<i>2,200.⁰⁰</i>
	Land Transfer Tax/Retail Sales Tax	<i>863.⁰⁰</i>
	Appraisal Fees	<i>—</i>
	Cost of Obtaining Financing (broker's fees, etc.)	<i>—</i>
	Fees for Physical Inspections	<i>—</i>
	Others	<i>—</i>
	Sub-Total	<i>\$625,063.⁰⁰</i>
	Capital expenditures experienced within 12 months of acquisition (Provide details on attached schedule)	<i>\$ N/A</i>

If the residential complex was purchased together with one or more residential complexes or non-residential components, complete Part 6.

3. Limited dividend project? ☐ Yes ☒ No (If yes, provide copy of CMHC agreement.)

PART 3 – GOVERNMENT PROGRAMS

Indicate any government programs which provided additional loans or grants to finance the construction or ongoing operation of the complex under review. On a separate sheet of paper, provide financial information such as a schedule of loan advances or payments made to date for the Base Year. Attach this sheet to this form.

If funds were given or repaid under the Assisted

Rental Program provide the same details for both the Base Year and the Projected Year in the space provided.

The following is provided as an example only. A complex built in 1952, used as an example elsewhere on this form, would not qualify for the government programs listed.

Part 3 – Government Programs

If any of the above financing costs or other costs were obtained through the following programs, please indicate and provide schedules of loan advances or payments made.

- ☒ Assisted Rental Program ☐ Canada/Ontario Rental Supply Plan ☐ Canada Rental Supply Plan ☐ Convert-to-Rent
☐ Ontario Rental Construction Loan ☐ Renterprise ☐ Accelerated Rental Housing Program ☐ Integrated Community Housing Program

If assisted rental program, provide details of payments and/or loan advances made during:

- (a) Base Year Period **LOAN ADVANCE: \$60,000.00**
- (b) Projected Year Period **LOAN ADVANCE: \$35,000.00**
SEE ATTACHED SCHEDULE FROM CMHC.

PART 4 – MORTGAGE INSURANCE AND REFINANCING COSTS

Indicate the total cost of mortgage insurance, then divide the cost into the amount payable in the Base Year and the amount payable in the Projected Year.

If refinancing has occurred, provide the total cost of

borrowing, such as mortgage brokers' fees, then divide the cost into the amount payable in the Base Year and the amount payable in the Projected Year.

Part 4

1. Cost of mortgage insurance other than life insurance provided from a non-related person, experienced during the base year and projected year period.

Identify Insurer and Date	Total Amount	Amount Payable In Base Year	Amount Payable in Projected Year
ANYTOWN INSURANCE CO.	\$700.00	\$100.00	\$100.00

2. Where refinancing has occurred, cost of obtaining funds experienced during base year or projected year periods.

Identify mortgage broker or other non-related person who provided services and Date	Total Amount	Amount Payable In Base Year	Amount Payable in Projected Year
ANYTOWN MONEYFINDERS INC.	\$1,500.00	\$1,500.00	—

PART 5 – CHANGE FROM PREVIOUSLY ALLOWED FINANCING COSTS

If a previous rent review order allowed certain financing costs based on projections, but the actual financing costs are different, indicate the difference in the spaces provided. For example, a landlord applied for rent review in 1986 and estimated that the mortgage interest rate would increase to 9%. An allowance was made in the rent review order to reflect this increase, however, the

mortgage interest rate actually increased to 10%. The landlord now requests that the additional one per cent be taken into consideration.

Indicate the projected financing costs allowed in the previous order, the actual amount experienced and the date (day/month/year) of the previous order.

Part 5 – Change from Previously Allowed Financing Costs

1. Date of order under the **Residential Tenancies Act** or under this Act: **10 OCT., 1987**

2. Where the projected financing costs allowed on an order vary from the actual financing costs, provide the following information:

Date of Order(s)	Amount of projected financing costs allowed on an order	Actual amount experienced
1. 10 OCT., 1987	\$ 38,000.⁰⁰	\$ 39,159.⁹⁸

PART 6 – ALLOCATION OF ACQUISITION COST AND FINANCING COST DATA

This section deals with allocating acquisition and financing costs when a complex was purchased along with other property that is not part of the residential complex under review.

For example, a landlord purchased four complexes in one transaction several years ago. Acquisition costs for all four complexes totalled \$2,500,000.00. Enter this figure beside (a).

In a current appraisal the value of the whole transaction is \$5,000,000.00. Enter this figure beside (b).

The landlord is only applying for rent review for one of the four complexes. That makes the appraised value of the residential complex under review $\frac{1}{4}$ of the total appraised value (\$5,000,000.00) – or \$1,250,000.00. Enter \$1,250,000.00 beside (c).

Enter $\frac{1}{4}$ or 25% beside (d).

Finally, apply the 25% proportional value from (d) to the total acquisition costs in (a). Twenty-five per cent of \$2,500,000.00 is \$625,000.00. Enter this amount beside (e).

Part 6 – Allocation of Acquisition Cost and Financing Cost Data

If the residential complex has been purchased in one transaction along with other residential complexes or with non-residential components for the purposes of determining the allocated acquisition costs and financing costs:

(a)	State the total acquisition costs of the transaction	\$2,500,000.⁰⁰
(b)	State the total appraised value of the total transaction	5,000,000.⁰⁰
(c)	State the appraised value of the residential complex under review	1,250,000.⁰⁰
(d)	State the proportional appraised value of the residential complex under review compared with the total appraised value of the transaction	25 %
(e)	Apply the proportional value found in (d) to the total acquisition costs of the transaction for the proportional acquisition costs	625,000.⁰⁰

The acquisition costs and financing costs should reflect the proportional value set out in (e), unless another method of allocation is proposed and accepted by the Minister.

The individual completing CRS Form 4 should date and initial the form at the bottom of each page.

Operating Costs – CRS Form 5

This form must be filed **only** when a landlord is applying for **Financial Loss** (CRS Form 6), **Relief from Hardship** (CRS Form 7) or **Economic Loss** (CRS Form 8).

Financial loss occurs when costs exceed revenue in a given year.

Hardship occurs when a landlord is making a return which is less than 2% of total costs.

Economic Loss occurs when a landlord is not making the permitted rate of return.

COMPLETING THE FORM

1. In completing this form, a landlord has two options:

(a) If there has been no previous rent review order made for the complex, the landlord must provide proof of the operating costs incurred during the Base Year in the 13 categories set out in the form, or

(b) If there has been a previous order, the landlord can choose not to submit proof of operating costs and

instead rely on the costs in the previous order which will be updated. **But**, the landlord can only select this option if the first effective date of the rent increase in the previous order is **not longer than three years** before the effective date of the first increase applied for in the current application.

2. A landlord who chooses option (a) must attach all receipts and any other proof of expenditures made to operate the complex during the Base Year.

2. If (a) is applicable, please complete the following:

Categories	Costs which the Landlord Experienced or will Experience During the Base Year
Superintendent's Salary and Rent	\$ —
Insurance	3,500.00
Heating	12,000.00
Hydro	8,000.00
Water	900.00
Municipal Taxes	3,850.00
* Management and Administrative Overhead	2,700.00
* (In the Management and Administrative Overhead category actual costs or an allowance may be claimed (see Guide))	
Interest and Bank Charges	200.00
Bad Debts	—
Maintenance	10,000.00
Accounting and Legal	
Cablevision	
Miscellaneous	
Total Operating Costs	\$ 41,150.00

Please note:

• the "Management and Administrative Overhead" category refers to the day-to-day operation of the building and is not related to capital expenditures. In claiming

costs for management and administrative overhead, the landlord can submit proof of actual costs or request an allowance of up to five per cent of the total maximum

CONTINUED OVERLEAF

rent for all of the units in the complex in the Base Year. For example, if the maximum rent for all units in a complex totals \$500,000 in the Base Year, the landlord can ask for an allowance of up to \$25,000 (5% of \$500,000). If the complex is a mobile home park or a site or related group of sites on which there are single family houses, the landlord can claim a 10% allowance.

- the "Interest and Bank Charges" category does not refer to mortgage payments related to the purchase and construction of the complex. These would be reported in CRS Form 4, Financing Costs. In CRS Form 5, "Interest and Bank Charges" refers to such things as bank service charges.

- the "Bad Debts" category refers to uncollected rent. By regulation, uncollected rent can only be claimed as a bad debt if it is uncollected for longer than three months.

- the "Miscellaneous" category refers to any cost not specified in the form. The categories shown cannot

be changed or added to. Any cost that does not fit into any of the categories should be entered under "Miscellaneous".

In filling out CRS Form 5, the landlord must provide proof of operating costs for a minimum of nine months in the Base Year. The landlord can estimate the costs for the remaining three months, but should be prepared to justify those estimates. So, to prove operating costs for the Base Year, the landlord can use:

- a previous landlord's operating costs for nine months;

OR

- a combination of a previous landlord's operating costs plus the current landlord's operating costs which together cover nine months;

OR

- nine months of the current landlord's operating costs.

3. A landlord who chooses option (b) must state the date (day/month/year) and other details as noted.

Sample information is shown below although a landlord would not fill out this section if option (a) was selected.

3. If (b) is applicable:			
Date of Previous Order OCT. 10, 1985	Date of First Effective Date of Increase on Previous Order JAN. 1, 1986	Total Operating Costs Determined on Previous Order \$ 32,704.00	Commencement Date of Annual Accounting Period used in Determination of Operating Costs on Previous Order JAN. 1, 1985

4. If any of the operating costs set out in Section 2 of this form relate to non-residential areas of the complex or project (e.g. a variety store on the ground floor), or to other residential complexes not the subject of this application (e.g. other complexes bought or constructed at the same time), the landlord must indicate this here. The landlord should indicate the revenue from these other areas during the Base Year. For example, if the main floor in the residential complex is rented out as office space, the revenue should be reported in this section.

A landlord who wants operating costs allocated in any other way other than by the revenue method must provide details. For example, if a triplex is composed of two apartments and one store, each with \$500 a month revenue in the Base Year, the operating costs would normally be allocated on a two-thirds residential, one-third commercial basis. However, a landlord can suggest another method of allocation if the revenue method is not appropriate. Some other methods are: tax assessment, square feet or metres, number of units, etc.

4. (a) Do any of the costs claimed relate to non-residential areas or other residential complexes?		<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
(b) If yes, provide revenue for non-residential areas or other residential complexes for base year accounting period.		\$ 9,600.00
VARIETY STORE ON GROUND FLOOR		
(c) If another method of allocation is proposed, please provide details.		

The individual completing CRS Form 5 should date and initial the form at the bottom of the page.

Financial Loss – CRS Form 6

Generally, a landlord experiences a financial loss when costs exceed revenue in a given year. For example, a landlord's costs (operating and financial costs) are \$75,000 while revenues from rents are only \$60,000. A landlord can apply for rent increases to eliminate this financial loss.

Depending on the circumstances that caused the financial loss, the landlord may be entitled to rent in-

creases that eliminate the loss in one year. In other cases, increases may be phased in over several years to eventually eliminate the loss.

Landlords applying for a financial loss allowance must complete CRS Form 1 (General Cost Revenue Statement), CRS Form 6 (Financial Loss), CRS Form 4 (Financing Costs) and CRS Form 5 (Operating Costs) and provide the necessary financial documentation.

COMPLETING THE FORM

Two calculations of revenue are required in this form. The revenue requested at the top of the form in Section 1 is used to calculate the actual financial position.

The revenue requested at the bottom of the form in Section 7 is used to calculate the financial loss allowance.

1. REVENUE FOR BASE YEAR PERIOD

(a) Indicate the total maximum rent that could have been charged for all units during the Base Year. This is the maximum amount of rent that would have been received if all of the units in the complex were rented throughout the year. For example, a duplex contains two units with maximum rents of \$500 a month each at the beginning of the Base Year. Assume the Base Year is the calendar year. Unit A has a 4.7% rent increase that takes effect July 1. Unit A's maximum rent for Base Year is \$6,138 ($\$500 \times 6 \text{ months} = \$3,000$ plus $\$523 \times 6 \text{ months} = \$3,138$). Unit B's last rent increase at the beginning of the Base Year brought the maximum rent to \$500. Unit B's maximum rent for Base Year is \$6,000 ($\$500 \times 12 \text{ months} = \$6,000$). Therefore, the total maximum rent for the duplex for Base Year is \$12,138 ($\$6,138 + \$6,000$).

(b) Indicate any sundry revenue for the complex.

This is any money generated by the provision of services to tenants in the complex such as laundry facilities, vending machines, guest parking charges, etc. It does not include revenue from commercial ventures, such as a variety store located in the complex.

(c) Calculate the amount of rent revenue lost because some of the units were vacant for all or part of the Base Year. Provide details such as the number of units vacant, rents that could have been charged, length of vacancy, etc. on a separate sheet and attach to this form.

(d) Indicate whether a previous rent review order allowed increases in rent to compensate for capital expenditures. This information is required to adjust the revenues so as not to understate the financial loss.

(e) Indicate whether an allowance was made in a previous order for the difference between the actual costs and the projected costs respecting capital expenditures.

Financial Position

1. Revenue for Base Year Period

(a)	Total of maximum rent for all rental units during base year period.	\$ 12,138. ⁰⁰
(b)	Sundry revenue (LAUNDRY MACHINES)	\$ 200. ⁰⁰
(c)	Actual Vacancy Loss (provide details on separate schedules) (UNIT B: FEB./88)	\$ 500. ⁰⁰
(d)	Have capital expenditures been experienced by the landlord and previously allowed in a order? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Date of Order JUNE 10, 1982
(e)	Has there been an allowance for variance between an actual and projected capital expenditure in a previous order? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Date of Order

2. OPERATING COSTS FOR BASE YEAR PERIOD

3. FINANCING COSTS FOR BASE YEAR PERIOD

2. Operating Costs for Base Year Period — (Attach completed form CRS 5) ✓
3. Financing Costs for Base Year Period or initial 12 months of ownership if residential complex purchased in base year period: (Attach completed form CRS 4) ✓

4. PURCHASE OF COMPLEX

Record the details of any purchase(s) of the complex since 1979. Include such information as the name of the purchaser, the date of the purchase and the principal amount of financing relating to the purchase.

4. Has there been a purchase or purchases of the residential complex which occurred since December 31, 1979 ☒ Yes ☐ No
If yes, provide details: **SEE ATTACHED LAWYER'S REPORTING LETTER AND ATTACHMENTS: - PURCHASE JAN. 1, 1980 BY D. JAMES - PURCHASE JAN. 1, 1981 BY CURRENT LANDLORD**

5. INTEREST PAID WITH RESPECT TO FINANCIAL LOSS

This section concerns interest paid after August 1, 1985 on any loans a landlord obtains to cover a financial loss.

Report interest paid after August 1, 1985 which was also paid in the Base Year on any loan respecting a financial loss experienced since acquiring the complex. If more than one loan is involved, list the details on a separate sheet and attach it to this form.

5. Interest paid after August 1, 1985 with respect to financial loss incurred since acquisition of residential complex by the landlord

Name of Lender ANYBANK		Interest Adjustment Date JAN. 1, 1985		Principal \$10,000.00
Interest Rate AVERAGE 12%	Term 1985-1988	Method of Repayment MONTHLY	Amount of Payments (Interest) VARIES	Frequency of Repayment MONTHLY
Amortization Period —	Special Terms of the Loan —	Interest Paid in Base Yr. Period \$1,250.00	Dates of Payments 1ST. OF EACH MONTH	
If loan relates only in part to financial loss due to increased financing resulting from a purchase, identify that part of the:				
Principal Portion of the Loan —	Amount of Interest Paid During Base Year Period —			

6. RESIDENTIAL COMPLEX WHERE NO RENTAL UNIT WAS OCCUPIED PRIOR TO JANUARY 1, 1976

The information provided here will determine how much of the financial loss will be allowed on the current application.

Complete this section if any part of the complex was first occupied as a rental unit after 1975.

6. Residential complex where no rental unit was occupied prior to January 1, 1976

Date Building Permit Issued JUNE 10, 1978	Did the purchase of the residential complex occur: (i) Prior to the date of first occupancy <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes	(ii) Within one year of the date that 90 per cent of the total rental units in the residential complex had been initially occupied. <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes
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7. TOTAL OF THE LAST LAWFUL RENTS THAT WERE CHARGED FOR RESIDENTIAL COMPLEX

Indicate the total amount of **lawful** rents that were or will be charged in the complex in the month immediately prior to the effective date of the first proposed rent increase.

It is important to note that this section requests information on rents **charged**, not necessarily **maximum rent** as requested in Section 1 of the form. Provide a detailed list of the rents used in this calculation on a separate sheet of paper and attach to this form. If this information has already been submitted on the Detailed List of Proposed Rents and Services, it need not be filed again.

For an annual total multiply this amount by 12.

7. Total of the last lawful rents that were charged for residential complex as follows:	
(a)	Provide total of the last lawful monthly rent for all rental units for the residential complex for the month preceding the effective date of the first rent increase applied for: \$ 900.00
(b)	Multiply (a) by 12: \$ 10,800.00
Attach a detailed list of the rents actually charged as set out in (a).	
<div style="text-align: center;">$\begin{array}{r} \text{UNIT A : \\$ 400.00 *} \\ \text{UNIT B : \\$ 500.00} \\ \hline \text{TOTAL : \\$ 900.00} \end{array}$</div>	
<div style="text-align: center;">* MAXIMUM RENT NOT CHARGED FOR UNIT A.</div>	

The individual completing CRS Form 6 should date and initial the form at the bottom of the page.

Relief From Hardship – CRS Form 7

A landlord who is making a return which is less than 2% of total costs may qualify for hardship relief. For example, if a landlord's total costs are \$100,000 and total rent revenues are \$101,000, rent review can allow the total rent revenues to increase to \$102,000.

The landlord may also be experiencing a financial loss (when costs exceed revenue in a given year). If the landlord is seeking rent increases to eliminate the financial loss and to obtain relief from hardship, any allowed

rent increases will first eliminate the financial loss, then provide relief from hardship.

Landlords applying for hardship relief must submit CRS Form 1 (General Cost Revenue Statement), CRS Form 4 (Financing Costs), CRS Form 5 (Operating Costs) and CRS Form 7 (Relief from Hardship) along with supporting documents required when submitting each of the above forms.

COMPLETING THE FORM

1. REVENUE

Indicate the total maximum rent for all units during the Base Year. This is the maximum amount of rent the landlord would have received if all of the units in the complex were rented throughout the year at the maximum rent. For example, a duplex contains two units with maximum rents of \$500 a month each at the beginning of the Base Year. Assume the Base Year is the calendar year. Unit A has a 4.7% rent increase that takes effect July 1. Unit A's maximum rent for Base Year is \$6,138 ($\$500 \times 6 \text{ months} = \$3,000$ plus $\$523 \times 6 \text{ months} = \$3,138$). Unit B's last rent increase at the beginning of the Base Year brought the maximum rent to \$500. Unit B's maximum rent for Base Year is \$6,000 ($\$500 \times 12 \text{ months}$). Therefore, the total maximum rent for the

duplex for Base Year is \$12,138 ($\$6,000 + \$6,138$).

Indicate the sundry revenue for the complex. This is any money generated by the provision of services to tenants in the complex such as laundry facilities, vending machines, guest parking charges, etc. It does not include revenue from commercial ventures such as a variety store located in the complex.

Calculate the total amount of rent revenue lost because some of the units were vacant during the Base Year. Provide details such as the number of units vacant, rents that could have been charged for these units, length of vacancy, etc. on a separate sheet and attach it to this form.

1. Revenue	Total maximum rent for all rental units during base year period	\$ 12,138. ⁰⁰
	Sundry revenue (LAUNDRY MACHINES)	\$ 200. ⁰⁰
	Actual vacancy loss (UNIT 102: SEPT. 1988)	\$ 500. ⁰⁰

2. OPERATING COSTS

3. FINANCING COSTS

2. Operating Costs — Attach completed CRS 5	✓
3. Financing Costs — attach completed CRS 4	✓

The individual completing CRS Form 7 should date and initial the form at the bottom of the page.

Economic Loss – CRS Form 8

Just as Canada Savings Bonds or Treasury Bills give investors a specific rate of return, the **Residential Rent Regulation Act, 1986** allows landlords of buildings first occupied after 1975 to make a “permitted rate of return” on their investment.

The “permitted rate of return” a landlord can make depends on when the building permit was issued. Complexes for which a building permit was issued before January 1, 1987 are eligible for a rate of return equal to 10% of the equity base – the total value of a landlord’s investment.

So, if a landlord’s equity base is \$100,000, the landlord is allowed a return equal to \$10,000.

If the return from renting the building is \$7,000, then the landlord is eligible to claim an economic loss of \$3,000, bringing the return to the permitted amount of \$10,000.

Complexes for which a building permit was issued on or after January 1, 1987 are eligible for a rate of return equal to the three-year moving average, as of the year in which the building permit is issued, of the long-term

Canada Bond rate plus 1% (e.g. the 1987 rate of return is 12.3%. The 1988 rate of return is 11.2%).

A landlord who is in a negative financial position may be eligible for both an economic and a financial loss allowance, with the financial loss (when costs exceed revenue in a given year) being eliminated first. A landlord who is in a positive or break-even financial position may still be eligible for an economic loss allowance. In all cases, it is necessary to calculate the landlord’s equity base.

The allowance to eliminate an economic loss will either be given in one year or will be phased in over several years if the total economic loss exceeds the allowance.

Landlords applying for an economic loss allowance must submit CRS Form 1 (General Cost Revenue Statement), CRS Form 4 (Financing Costs), CRS Form 5 (Operating Costs) and CRS Form 8 (Economic Loss) along with supporting documents required when submitting each of the above forms.

COMPLETING THE FORM

Landlords have the option of completing Part 1 **or** 2, however, they must complete Parts 3 **and** 4.

PART 1 applies to the original owner who also constructed the complex.

PART 2 applies to the purchaser of the complex.

PART 3 outlines capitalized financial losses.

PART 4 outlines financial position for the Base Year.

PART 1 – LANDLORD IS ORIGINAL OWNER

Part 1, A through D, should be completed by a landlord who is the original owner who also constructed the residential complex.

When completed, this section will provide information which will allow the value of the land and the building to be calculated.

A. TOTAL FINANCING

Part 1 – Where Landlord is Original Owner who Constructed Residential Complex: Initial Invested Equity

A. Total Financing (Principal Amount) (Attach completed Form CRS 4) ☒

B. VALUE OF THE LAND

A copy of the land appraisal for the value as of the date the building permit was issued must be attached to this form **OR** section 2 (a) on the form must be completed. Section 2 (a) sets out the actual cost of the land.

B. Value of the Land

Provide either

1. The appraised market value as of the date the building permit was issued (copy of appraisal to be filed) \$ _____

OR

2. The actual cost of the land up to the date the building permit was issued plus carrying costs.

(a) Actual Cost of the Land (*ALLOCATED COSTS SEE PART D*)

Purchase Price and Date	<i>MARCH 15, 1973</i>	<i>\$300,000.00</i>
Legal Fees and Disbursements Related to Purchase of Land		<i>1,500.00</i>
Land Transfer Tax and Retail Sales Tax Related to Purchase of Land		<i>800.00</i>
Fees for Physical Inspection and Evaluation		<i>—</i>
Appraisal Fees		<i>—</i>
Costs of Obtaining Financing Related to Purchase of Land		<i>975.00</i>
Costs of Application and Representation for Land Use and Zoning		<i>1,500.00</i>
Costs to provide Zoning Improvements and Services to Property (including access roads, water, sewage, hydro, gas, site development)		<i>2,000.00</i>
Charges, levies, impose fees or other financial commitments required by municipalities in a development agreement		<i>—</i>
Demolition Costs		<i>—</i>
Any other costs reasonably incurred in the acquisition and development of the land		<i>—</i>
Total		<i>\$ 306,775.00</i>

Carrying costs are defined as any reasonable costs experienced in the two-year period prior to the date the building permit was issued.

If there was no revenue received with respect to the land during these two years, simply add up the carrying costs and enter the amount in the "Total" column.

If there was any revenue received with respect to the land during these two years, (e.g. the landlord operated a parking lot on the land) this amount must also be indicated. Carrying costs are then deducted from the revenue to arrive at "allowed" carrying costs. Enter this net difference in the "Total" column.

(b) Carrying Costs		
(i) Revenue Received with respect to land during the two years immediately prior to the date the building permit was issued.		\$ 15,000.00
Less Total of		
(ii) A) Interest paid on financing relating to purchase of the land. (rate of interest to be provided. 12 %)		3,300.00
B) Municipal realty taxes and local improvement charges.		6,700.00
C) Insurance		—
D) Other costs that may be reasonably charged as carrying costs.		—
Subtotal		\$10,000.00
	Total	\$ 5,000.00

The above calculation may result in a profit because actual revenues exceeded costs for the two years prior to the issuance of a building permit. If this is the case, the landlord can reduce this profit to the break-even point by claiming losses which occurred during any other prior two years the landlord held the land.

For example, assume the land was purchased by the landlord in 1973 and the building permit is issued on June 10, 1985. Initially, costs and revenues experienced

from June 10, 1983 to June 9, 1985 would be considered. If the landlord experienced a profit (\$5,000) from operating a parking lot on the land during 1983-1985, the profit resulting from the initial calculation can be reduced. If in 1975 and 1977, the costs of operating the parking lot exceeded the revenues, the total of these losses could be used to reduce the initial \$5,000 profit (\$5,000 — \$3,000) to \$2,000.

If 2(b) (i) less (ii) results in a profit,		
(iii) provide information regarding the amount of loss experienced in any two years prior to the two year period before the date the building permit was issued by deducting costs from revenues for those two years to the extent that the profit is not reduced below breakeven.		
	Year 1 (specify dates)	Year 2 (specify dates)
	1975	1977
Revenue	\$ 10,000.00	\$ 11,000.00
Less Cost (as in (ii))	11,000.00	13,000.00
Loss	1,000.00	2,000.00
Total Year 1 Plus Year 2	\$ 3,000.00	

C. VALUE OF BUILDING

The first line in this section refers to the "initial rent-up period." The initial rent-up period begins on the date the building permit was issued and ends on the earlier of the two following dates:

(a) two years after the residential complex is first occupied, or

(b) the time 90% of the rental units were first occupied.

Indicate the beginning and end dates of the initial rent-up period in the space provided.

The costs to be reported in Section C are those incurred during the initial rent-up period.

C. Value of Building **ALLOCATED COSTS SEE PART D**

Costs experienced during initial rent up period

from

JUNE 10, 1984

date

to

DEC. 31, 1986

date

1. CONSTRUCTION COSTS

Indicate the expenses involved in planning the project, the cost of labour and materials and construction-related financing costs. Total these three figures and enter in the space provided.

1. Construction Costs		
(a)	Architectural, engineering, planning costs: (exclusive of amounts related to supervision of project). (see para. 8)	\$100,000.00
(b)	Direct labour and material costs or amount of construction contract.	700,000.00
(c)	Financing costs paid related to construction	25,000.00
Total Construction Costs (a) to (c)		\$ 825,000.00

2. EQUIPMENT COSTS

Indicate the cost of purchase and installation of items to equip and furnish the building, e.g. furnace, carpeting, appliances, weight room equipment, etc.

2. Cost of equipment and furnishings related to purchase	210,000.00
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3. LANDSCAPING AND PAVING COSTS

Indicate the costs of landscaping and paving unless they are already included in 1 above.

3. Cost of landscaping and paving (if not included in construction costs)	45,000.00
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4. COST OF SERVICING THE LAND

Indicate the costs of servicing the land after the building permit was issued, e.g. sewers, phone lines, hydro lines, sidewalks, etc.

4. Cost of servicing land experienced by the landlord after date building permit was issued	10,000.00
---	-----------

5. INITIAL RENT-UP COSTS

Indicate the actual revenues received from residential units during the initial rent-up period.

Indicate the costs incurred during the initial rent-up period in the spaces provided. Total up the costs, then deduct this amount from the revenues to arrive at a net amount to be entered in the space marked "Initial Rent-Up Costs".

5. Initial Rent Up Costs		
(1) Revenue received with respect to residential complex		\$60,000.00
Less Total of		
(2) (a) Operating Costs		29,000.00
(b) Financing costs		38,000.00
(c) Permitted rental incentives		1,000.00
(d) Cost of preparation and maintenance of model suites		5,000.00
(e) Compensation for rental agents for promotion of initial occupancy		6,000.00
(f) Advertising and marketing costs for promotion of initial occupancy		2,000.00
Total (a) to (f)		\$81,000.00
Initial Rent-Up Costs ((1) less (2))		\$ (21,000.00)

6. INDIRECT COSTS

Report any indirect costs for the initial rent-up period.

6. Indirect Costs		
(a) Prepayments to reduce effective interest rates	\$4,500.00	
(b) Professional fees for representation before regulatory bodies	1,500.00	
Total Indirect Costs (a + b)		\$6,000.00

The information provided in sections 7, 8 and 9 will be used to calculate a management and administration allowance based on the cost of labour and materials in the construction and installation of equipment.

For construction and renovation, the management and administration allowance is 7.5% if the people who do the work are not in the landlord's employ, e.g. they work for an independent contractor, but are supervised by the landlord or a direct employee of the landlord or are supervised by an architect, engineer or planner

contracted by the landlord to provide management supervision.

If the workers are in the employ of the landlord, the allowance is 7.5% for management and 7.5% for administration.

When items such as appliances, carpeting or furniture are bought and installed, the management and administration allowance is 2%, provided the landlord or a person employed by the landlord supervised the installation or negotiated improved terms of purchase.

7. WHO PERFORMED CONSTRUCTION

Indicate the involvement and percentage of time spent by the landlord, the landlord's employees and any outside individuals or firms in the construction of the complex. For example, if contractors performed all the construction work, tick Yes beside (a), and 100% under the "proportion" column.

	Yes	No	Indicate proportion (%) of each
7. Who performed construction:			
(a) Person who is not in direct employ of landlord and who is not the landlord.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	100%
(b) Person who is in direct employ of landlord.	<input type="checkbox"/>	<input type="checkbox"/>	
(c) Person who is landlord.	<input type="checkbox"/>	<input type="checkbox"/>	

8. WHO SUPERVISED CONSTRUCTION

Indicate the percentage of time spent by the landlord, the landlord's employees and any professionals in the supervision of the construction work. If professionals were involved in the supervision, indicate the cost of their services and whether this cost has also been included as a "construction cost" in Part C 1 of this form.

	Yes	No
8. Was Management Supervision of Construction Project performed by:		
(a) Landlord or person in direct employ of landlord	<input checked="" type="checkbox"/>	<input type="checkbox"/>
(b) Architect, engineer, or planner under contract to provide management supervision.	<input type="checkbox"/>	<input type="checkbox"/>
If (b), management supervision is performed by architect, engineer or planner, cost of such services:		\$ _____

9. PURCHASE AND INSTALLATION OF CARPETS, APPLIANCES AND FURNISHINGS

If appliances, carpeting, furnishing or similar items were purchased or installed, indicate whether the landlord or a direct employee supervised the installation or whether their involvement improved the terms of purchase through negotiation.

If the answer is yes, list the items involved and detail the improved terms of purchase arranged. For example, the bulk purchase of refrigerators or stoves may have resulted in a lower price.

9. If appliances, carpeting, furnishings or other similar items were purchased or installed, was there an effort by the landlord or persons directly employed by the landlord to negotiate improved terms of purchase or to supervise installation?

Yes No

☒ ☐

If yes, please provide details of items claimed

**- NEGOTIATED BULK PURCHASE FOR SAVINGS OF \$5,000.00
FOR APPLIANCES (SEE ATTACHED CONTRACTS) .
- SUPERVISED INSTALLATION OF APPLIANCES .**

D. ALLOCATION OF VALUE OF COMPLEX AND FINANCING COSTS

This section deals with allocating the complex value and financing costs when a complex was constructed along with other property that is not part of the residential complex under review.

If the complex under review is part of a project which includes any other residential complexes constructed at the same time, or non-residential components (e.g. there is a variety store on the main floor of an apartment building), complete the following section.

For example, a landlord built four complexes and financed them in one transaction several years ago. The total value of the land and all the buildings is \$6,000,000. Enter this figure beside (a).

In a current appraisal, the value of the land and

buildings in the whole project is \$10,000,000. Enter this figure beside (b).

The landlord is only applying for rent review for one of the four complexes. That makes the appraised value of the complex under review $\frac{1}{4}$ of the total appraised value (\$10,000,000) – or \$2,500,000. Enter \$2,500,000 beside (c). Enter $\frac{1}{4}$ or 25% beside (d).

Finally, apply the 25% proportional value from (d) to the total value in (a). Twenty-five per cent of \$6,000,000 is \$1,500,000. Enter this amount beside (e).

If another method of allocation is proposed, for example tax assessment, square feet or metres, number of units, etc. provide this information on a separate sheet and attach to this form.

D. Allocation of Value of Complex and Financing Costs

If the residential complex is part of a project which includes other residential complexes or non-residential components for the purposes of determining the allocated value of the complex and financing costs.

INFORMATION IN PARTS A, B AND C REPRESENT 25% OF TOTAL PROJECT COSTS .

- | | | |
|-----|---|-----------------------|
| (a) | State the total value of land and buildings of whole project determined in accordance with the Regulations. (If components completed at different times, value at time when the residential complex under review was first occupied). | \$6,000,000.00 |
| (b) | State the total appraised value of the total transaction. | 10,000,000.00 |
| (c) | State the appraised value of the residential complex under review. | 2,500,000.00 |
| (d) | State the proportional appraised value of the residential complex under review compared with the total appraised value of the transaction. | 25 % |
| (e) | Apply the proportional value found in (d) to the total value of the whole project of the transaction for the proportional value of the residential complex under review. | 1,500,000.00 |

If another method of allocation is proposed, attach separate schedule.

PART 2 – LANDLORD PURCHASED RESIDENTIAL COMPLEX

Part 2 of this form is filled out as a sample only. In a real application, a landlord would fill out Part 1 or Part 2, but not both.

A. ACQUISITION COSTS

B. ADDITIONAL VALUE INCURRED DURING INITIAL RENT-UP PERIOD

C. TOTAL FINANCING (PRINCIPAL AMOUNT)

Part 2 – Where Landlord Purchased Residential Complex: Initial Invested Equity

- A. Acquisition Costs:
(Attach completed CRS 4) ✓
- B. Additional Value Incurred During Initial Rent-Up Period
(Complete CRS 8 Part 1C) ✓
- C. Total Financing (principal amount):
(Attach completed CRS 4) ✓

PART 3 – CAPITALIZED FINANCIAL LOSSES

This section is completed by all landlords claiming economic loss.

Calculate revenues and operating and financing costs from the time the building was acquired to the end of the Base Year or from the end of the initial rent-up period to the end of the Base Year.

Capitalized financial losses allowed as part of the equity base for owner-builders or purchasers include:

- previous financial losses from the date of acquisition (for purchasers) or from the end of the initial rent-up period (for owner-builders) to the end of the Base Year. Such losses are calculated by deducting operating and financing costs from actual revenue (as adjusted by capital expenditure allowances discussed below) for the period chosen;

- allowances for capital expenditures which have been experienced by the landlord after the initial rent-up period, or from the date of acquisition to the end of the Base Year which have not been claimed on CRS Form 3. Because these expenditures were incurred at a different time than those claimed on CRS 3, it is necessary to describe them separately. Landlords may use another CRS Form 3 to describe these expenditures and provide financial details. Attach this additional CRS Form 3 to this form.

Part 3 – Capitalized Financial Losses

1. Where losses were experienced by the landlord for the period commencing with acquisition or since the initial rent up period and completed by the end of the base year period, provide the following details:

Period: From	To	(a) Revenue	(b) Operating Costs	(c) Financing Costs
DEC. 31, 1986	DEC. 31, 1987	\$ 62,000. ⁰⁰	\$ 32,000. ⁰⁰	\$ 49,000. ⁰⁰

2. Where there were capital expenditures experienced by the landlord since the initial rent up period and which have not been claimed on CRS 3, please attach completed form CRS 3.

N/A

PART 4 – FINANCIAL POSITION FOR BASE YEAR PERIOD

This section requests information necessary to determine the landlord's financial position for the Base Year.

(a) Indicate the total maximum rent for all units during the Base Year. This is the amount of rent that would have been received if all of the units in the complex were rented throughout the year for the maximum rent. For example, a duplex contains two units with maximum rents of \$500 a month each at the beginning of the Base Year. Assume Base Year is the calendar year. Unit A has a 4.7% rent increase which takes effect July 1. Unit A's maximum rent for Base Year is \$6,138 ($\$500 \times 6 \text{ months} = \$3,000$ plus $\$523 \times 6 \text{ months} = \$3,138$). Unit B's last rent increase at the beginning of the Base Year brought the maximum rent to \$500. Unit B's maximum rent for Base Year would be \$6,000 ($\500×12

months). Therefore, the total maximum rent for the duplex for Base Year is \$12,138 ($\$6,138 + \$6,000$). The following sample chart would be for a larger building.

(b) Indicate the sundry revenue for the complex. This is any money generated by the provision of services to tenants in the complex such as laundry facilities, vending machines, guest parking charges, etc. It does not include revenue from commercial ventures such as a variety store located in the complex.

(c) Calculate the total amount of rent revenue lost because some of the units were vacant during the Base Year. Provide details such as the number of units vacant, rents that could have been charged for these units, length of vacancy, etc. on a separate sheet and attach to this form.

Part 4 – Financial Position for Base Year Period

1. Revenue for Base Year Period:

(a) Total of maximum rent for all rental units during base year period	\$ <u>65,000.⁰⁰</u>
(b) Sundry revenue (LAUNDRY MACHINES)	\$ <u>300.⁰⁰</u>
(c) Actual vacancy loss (SEE ATTACHED LIST)	\$ <u>2,000.⁰⁰</u>

(d) If an application was made for rent review previously and a rent increase was allowed to cover capital expenditures check YES. Indicate the date (day/month/year) of the previous order.

(e) If, in a previous rent review order, an allowance

was made for the difference between the projected costs and the actual costs respecting capital expenditures, check YES. Indicate the date (day/month/year) of the previous order.

(d) Have capital expenditures been experienced by the landlord and allowed under previous order?

☐ Yes

☒ No

Date of Order _____

(e) Has there been an allowance for variance between an actual and projected capital expenditure in a previous order?

☐ Yes

☒ No

Date of Order _____

2. OPERATING COSTS FOR BASE YEAR

3. FINANCING COSTS FOR BASE YEAR

2. Operating Costs for Base Year Period: (Attach completed form CRS 5) ✓

3. Financing Costs for Base Year Period or initial 12 months of ownership if residential complex purchased in base year period: (Attach completed form CRS 4) ✓

The individual completing CRS Form 8 should date and initial the form at the bottom of each page.

Changes in Services and Facilities or Standard of Maintenance and Repair – CRS Form 9

PART 1 – CHANGES IN SERVICES AND FACILITIES

Any change in the services or facilities provided to an entire residential complex or any rental unit will be considered in a whole building review. These changes, which can be raised by either the landlord or the tenants, could involve the withdrawal, reduction or addition of a service or facility.

The temporary withdrawal or reduction of a service is not considered in a whole building review provided it is for a reasonable length of time, lasts no longer than 12 months and the landlord indicates the service will resume within a reasonable period not to exceed 12 months.

COMPLETING THE FORM

1. PARKING

This section refers to "classes of parking." A class of parking would be indoor or outdoor.

Where the total number of parking spaces has been changed, indicate whether the change amounts to adding or discontinuing spaces.

Indicate if any additional parking spaces have been created in an existing class of parking, and report the

total charges that were collected for the existing spaces for one month before the additions were made.

To claim a new class of parking, the additional parking must be clearly different from the previous kind, e.g. the addition of outdoor parking in a complex which previously had only indoor parking.

Part 1 – Changes in Services and Facilities

1. **Parking** – Where the total number of parking spaces has been changed

☒ Added ☐ Discontinued

(a) were the new spaces added to existing classes of parking?

☒ Yes ☐ No

If yes, state total last maximum monthly revenue for the parking spaces in the existing class before additions. \$ 1,200.00

(b) did the new spaces create a new class of parking?

☐ Yes ☒ No

2. CABLEVISION

Indicate any changes in the provision of cablevision to the residential complex. If cablevision has been added and all tenants are required to pay the landlord for this service, indicate the landlord's cost per unit of providing this service.

If cablevision was included in the Basic Unit Rent

and has been discontinued, indicate the cost experienced by the landlord on a per unit basis at the time the service was discontinued. If cablevision was paid as a separate charge, indicate the actual amount of the charge at the time the service was discontinued.

2. **Cablevision** – If cablevision ☐ to be provided, ☒ or discontinued, in regard to all rental units, please provide the following:

(a) Effective date of change of service. JAN. 1, 1988

(b) Cost experienced by the landlord on a per unit basis as of date in (a), unless cablevision was paid as a separate charge to the landlord, in which case provide the amount of the charge for each rental unit.

\$ 4.35

3. CHANGES IN OTHER SERVICES AND FACILITIES

In describing "Other" services and facilities (excluding parking and cablevision), indicate:

(a) a description of the service that has been added, reduced or withdrawn, e.g. pool, sauna, locker space,

exercise room, and the ongoing cost to provide any new service in the Projected Year along with the total cost.

(b) the reasons for any temporary discontinuation of a service.

3. Changes in Other Services and Facilities

- (a) Please specify services and facilities which have been provided for first time, withdrawn or reduced. Indicate date of change. Attach list if only some units affected.

Description of Service or Facility	Nature of Change	Date of Change	If Withdrawal or Reduction, Average Cost to Landlord in Previous 12 Months	If Provided for First Time	
				Total Cost	Ongoing Cost in Projected Year
1. PARKING	<input type="checkbox"/> Addition <input checked="" type="checkbox"/> Withdrawal <input type="checkbox"/> Reduction		SEE BELOW		
2. SAUNA	<input checked="" type="checkbox"/> Addition <input type="checkbox"/> Withdrawal <input type="checkbox"/> Reduction	NOV.10/87		\$3000.00	\$700.00

- (b) If the withdrawal or reduction of a service or facility is temporary, provide details of circumstances.

QUESTIONS REGARDING WITHDRAWAL OF PARKING RAISED BY TENANTS DUE TO UNDERGROUND REPAIRS. WORK BEGAN SEPT. 1, 1987. WILL BE COMPLETED FEB./88. AT WHICH TIME PARKING WILL BE RESTORED. WITHDRAWAL IS THEREFORE TEMPORARY.

PART 2 – CHANGES IN STANDARD OF MAINTENANCE AND REPAIR

A change in the standard of maintenance and repair in a residential complex may be considered in a whole building review. Again, these changes may involve the whole complex or an individual rental unit and may be raised by either the landlord or the tenants.

Changes in the standard of maintenance and repair will be measured from the beginning of the Reference Year until the end of the time for landlords and tenants to comment on the rent review application.

No adjustment will be made to the standard of maintenance and repair under two conditions:

(a) where the deterioration is directly related to a capital expenditure by the landlord. For example, if a landlord is installing a new roof on the building, there

may be more dust in the air while the work is being done. Because the dust is a direct result of having a new roof installed (a capital expenditure), a tenant cannot claim the standard of maintenance and repair has deteriorated permanently.

(b) where the landlord makes improvements that simply bring the standard of maintenance and repairs to acceptable levels, i.e. these levels were substandard to begin with.

If the standard of maintenance and repair has changed beginning with the Reference Year, the landlord should indicate the reasons and estimate the reasonable value of the change.

Part 2 – Change in Standards of Maintenance and Repairs

Please provide details of any such change which has occurred and the reasons therefor during the period commencing with the reference year, and the reasonable value of the change.

IMPROVED CLEANLINESS BECAUSE SUPERINTENDENT NOW RESPONSIBLE FOR TWICE-WEEKLY VACUUMING OF HALLWAYS AND LOBBY. \$50.00 PER WEEK.

The individual completing CRS Form 9 should date and initial the form at the bottom of the page.

Equalization or Other Apportionment/ Other Issues – CRS Form 10

A landlord who applies for a whole building review can ask that the total rent increase allowed for the complex be apportioned – or divided up – among all the units by taking into account such factors as differences in rents for similar units, different locations in the complex, capital improvements to individual units and so on.

The following matters may be considered in the apportionment of a rent increase:

(a) the rent schedule, or suggested method for applying the rent increase to rental units, proposed by the landlord in this form or on the Detailed List of Proposed Rents and Services, e.g. an equal percentage increase for all units.

(b) variations in rents being charged by the landlord for similar units. If the rents differ for any reason such as location or the creation of a new unit, indicate on this form.

(c) the degree to which capital expenditures will affect individual units in the complex. For example, if the landlord has made a change to one or more, but not

all the units in the complex, it may be more appropriate to apply the increase relating to these expenditures only to the affected units.

(d) equalization, a process whereby units of the same size and type, with the same level of service, located in the same complex, reach similar rents over time. The effect of equalization, if any, on a landlord's overall rent revenue is minimal. For example, if one unit's rent in a complex is increased by \$10 due to equalization, there is a corresponding reduction in other units' rents. For each unit, the rent increase due to equalization cannot exceed 5% of the maximum rent for the 12-month period immediately preceding the date of the rent increase. For example, let's say the current maximum rent on a unit is \$500. Since 5% of the current maximum rent is \$25, the rent increase due to equalization can only be \$25 in the first year. Thus equalization may take several years.

(e) any other prescribed matter, as set out in the rent determination regulations.

COMPLETING THE FORM

PROPOSED METHOD OF APPORTIONMENT

If the landlord has a suggested method for applying the rent increase to rental units, or wishes to propose equalization, this should be described on the top half of the form.

In describing the proposed method, the landlord may refer to Form 4A, the Detailed List of Proposed Rents and Services.

Indicate the proposed method of apportionment of the proposed rent increase and the reasons for choosing that method.

Refer to Form 4A, if necessary.

- ALL UNITS 2 BEDROOM WITH SIMILAR SERVICES AND FACILITIES.
- RENTS CURRENTLY RANGE FROM \$400.00 TO \$550.00 A MONTH (SEE FORM 4A).
- PROPOSE ALL RENTS TO BE EQUALIZED.

OTHER ISSUES

The bottom half of the form, entitled "Other Issues", includes any fees the landlord paid to consultants or appraisers.

Enter these amounts in the spaces indicated.

Any other matters that affect this application should be explained in the space provided and on a separate sheet of paper if necessary.

Other Issues

1. **Consultant's Fees**

Total Amount of fees of a consultant who represents the landlord on the application.

\$ 1,200.00

2. **Appraisal Fees**

Total Amount of fees paid to a professional appraiser to establish the market value of the residential complex unless otherwise claimed on CRS 4 or CRS 8.

\$ 825.00

3. Other matters which may affect this application.

N/A

The individual who completes CRS Form 10 should date and initial the form at the bottom of the page.

LOCAL RENT REVIEW SERVICES OFFICES

The staff at 21 local rent review offices are available to provide information and assistance to landlords and tenants. Call or write the offices listed below for any questions about rent review.

EASTERN ONTARIO REGION

Kingston (613) 548-6770	275 Ontario Street, Suite 100 Kingston , Ontario K7K 2X5
Oshawa (416) 723-8135	40 King Street W., Suite 700 Oshawa , Ontario L1H 1A4
Ottawa (613) 230-5114	10 Rideau Street, 3rd Floor Ottawa , Ontario K1N 9J1
Peterborough (705) 743-9511	139 George Street North, 1st Floor Peterborough , Ontario K9J 3G6

CENTRAL ONTARIO REGION

East York (416) 429-0664	7 Overlea Boulevard, 6th Floor Toronto , Ontario M4H 1A8
Etobicoke and York (416) 236-2681	5233 Dundas Street West, 4th Floor Islington , Ontario M9B 1A6
Mississauga (416) 270-3280	4 Robert Speck Pkwy., Suite 550 Mississauga , Ontario L4Z 1S3
North York (416) 224-7643	45 Sheppard Avenue East, 5th Floor Willowdale , Ontario M2N 5W9
Scarborough (416) 438-3452	2100 Ellesmere Road, 3rd Floor Scarborough , Ontario M1H 3B7
Toronto (416) 964-8281	56 Wellesley Street West, 8th Floor Toronto , Ontario M7A 2J9

SOUTHWESTERN ONTARIO REGION

Barrie (705) 737-2111	114 Worsley Street, 5th Floor Barrie , Ontario L4M 1M1
Hamilton (416) 528-8701	25 Main Street West, Suite 1620 Hamilton , Ontario L8P 1H1
Kitchener (519) 579-5790	30 Duke Street West, Suite 401 Kitchener , Ontario N2H 3W5
London (519) 673-1660	80 Dundas Street East, 1st Floor London , Ontario N6A 2P3
Owen Sound (519) 376-3202	1077 Second Avenue East Owen Sound , Ontario N4K 2H8
St. Catharines (416) 684-6562	43 Church Street, Suite 505 St. Catharines , Ontario L2R 7E1
Windsor (519) 253-3532	880 Ouellette Avenue, Suite 302 Windsor , Ontario N9A 1C7

NORTHERN ONTARIO REGION

North Bay (705) 476-1231	189 Wyld Street North Bay , Ontario P1B 1Z7
Sudbury (705) 675-4373	199 Larch Street, 5th Floor Sudbury , Ontario P3E 5P9
Thunder Bay (807) 475-1595	540 West Arthur Street Thunder Bay , Ontario P7E 5R7
Timmins (705) 264-9555	273 Third Avenue, 2nd Floor Timmins , Ontario P4N 1E2

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